UK Residential Market Review

Autumn 2026

Strutt & Parker



Annual change in average house price, across England & Wales, to August

Source: ONS



Rents increased 3.3% over the year to September

Source: HomeLet

UK Economic Overview

Economic backdrop: UK consumer price inflation (CPI) rose in the year to September 2026 as higher energy prices have increased near-term inflation risks and contributed to renewed pressure on mortgage pricing and impacted the MPC's decision to increase the Bank Rate to 4.0%.

Mortgage markets: The most recent hike has already been baked into the markets, with the average five-year fixed term mortgage available in September rising to 5.0%, at 75% loan-to-value (LTV), and up to 5.1% for a two-year fixed term. The increasing cost of mortgage finance builds pressure on households' purchasing powers, so buyers may therefore remain cautious about committing, particularly where a purchase would materially increase their monthly repayments.

Prime markets recorded weakened transaction volumes across most price brackets, with the , £5m+ super prime markets most bucking this trend. Agent feedback indicates that correctly priced, high-quality properties continue to outperform the wider market. This qualitative evidence suggests that demand remains selective, with buyers distinguishing carefully between properties that justify their asking prices and those that offer less compelling value.

Indicator		Value	Date	Comment	Forecasts (HM Treasury as of Oct-26)	
					for 2026	for 2027
Inflation Rate (CPI)		3.5%	Year to September 2026	The cost of energy has been the primary driver which has held inflation above the 2% target this year. CPI has not been below this target since October 2024.	3.6%	2.5%
GDP		2.1%	Year to August 2026	Monthly GDP growth was 0.4% in July 2026 and 0.1% in August. This growth is attributed to the implementation of AI with computer programming/ICT grew showing 5% growth, which has helped the UK have one of the fastest growing of the developed economies.	1.4%	1.2%
Bank Rate		4.00%	5th November 2026	Bank Rate was increased to 4.00% at the November 2026 meeting to limit the rate of inflation. There are an estimated 5 million mortgages dating from before 2022 that need to be renewed from 2.5% and lower rates.	3.9%	3.8%
Fixed-term Mortgage Rates [60% LTV]		2-yr 4.95% 5-yr 4.99%	Jul-26	Mortgage rates have been tracking upwards in expectation of a Bank of England's hike to the base rate. Current rates also price in further hikes creating downside risk to mortgage rates if these increases don't happen.	-	-
Unemployment Rate		4.9%	May - July 2026	The same rate as the previous February-April period. A slight strengthening the labour market helps create an environment where the Bank of England can raise the base rate more freely.	5.1%	5.0%
GBP Vs.	Euro	1.20	November 2026	This is the highest level it has been since Q1 2025.	-	-
	USD	1.34	November 2026	Continuing to fluctuate around the 1.35 mark, as it has been since May 2025, and offering good value to American investors.	-	-
FTSE 100		QoQ: -0.5% YoY: 10.4%	[Start] Q4 2026	The FTSE 100 recorded its first quarterly decline since Q1 2025. Year-on-year growth remained positive for the sixteenth consecutive quarter.	-	-

At a glance Q3 2026

Prime London Sales Market

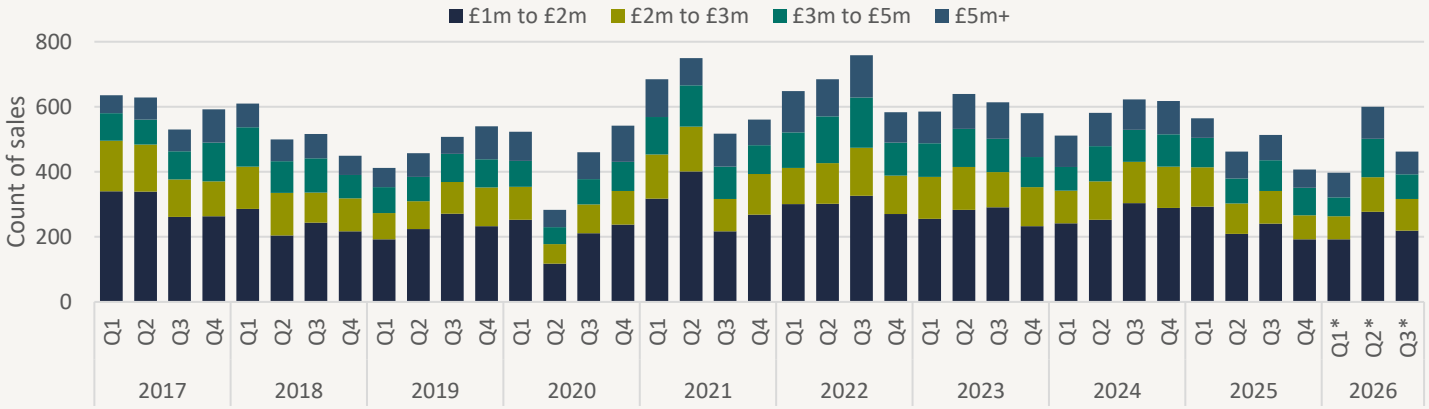
The below charts show a Q3 slowdown for Prime Central London (PCL); this largely reflects exchanges delayed by borough disruption from Q4 2025 and Q1 2026, which pushed completions into Q2.

11% more homes over £5m sold in the first three quarters of 2026 compared with the same period in 2025, despite the number of all sales above £1m falling by 5% in the same period. The £2-5m segment of the market had the largest fall, down 9%.

This shows that activity varied with buyers' reliance on debt. Yet, price points which are less discretionary, who are more needs-based buyers, have shown greater resilience; the £1m to £2m market fell by 7%.

The slower activity in the market correlates with the continued downwards pressure on prices. Sold prices across Prime Central London have come down 4% since the start of the year.

Number of £1m+ homes sold in Prime Central London



*please see PCL Methodology on the final page

Source: Strutt & Parker research, LonRes & Land Registry

Getting the initial asking price for homes right is critical in the current market, with accurate initial pricing making a decisive difference to both selling times and achieved prices.

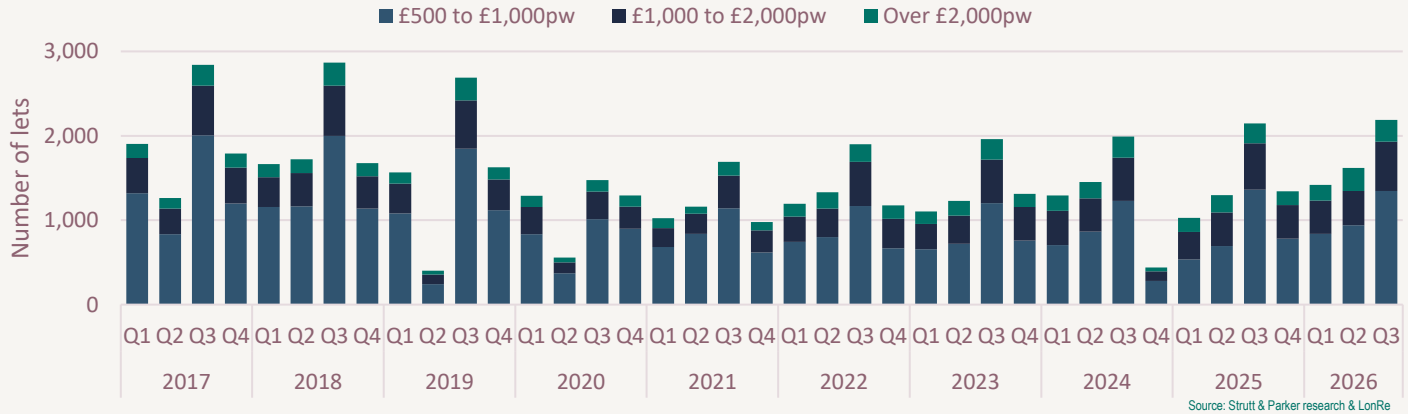
On average, homes sold without a price reduction take around 5 months to sell, achieving 95% of their original asking price. Those requiring reductions take nearly 3 times longer, 14 months, and achieve only 81%.

The contrast is more pronounced at high price points; above £5 million, sales without a reduction happen in less than a quarter of the time and achieve 96% of their asking price, compared to 80% of the initial asking price for those that have to be reduced.

There is currently a two-speed market - accurately priced homes are selling quickly but overpriced properties stagnate before eventually selling at materially lower prices.

Prime London Lettings Market

Number of homes let in Prime London over £500pw



Source: Strutt & Parker research & LonRe

The lettings market has grown by over a third in the past 12 months, illustrating that few landlords have left the market due to the Renters' Rights Act.

In Q3, new let volumes were 4% above the five-year average. The strongest growth in the quarter was in the above £2,000 per week segment, where the number of new lets was 9% higher than a year ago. Agreeing tenancies for homes at this price level is more challenging as they sit outside of Assured Shorthold Tenancy agreement and are more likely to have complex and unconventional terms that need to be agreed. Due to this so they took around five months to let, more than double the market average.

Rents continue to increase, by 2% year-on-year, which – paired with weakening capital values – is creating opportunities for investors who know the market and are not reliant on debt.

At a glance Q3 2026

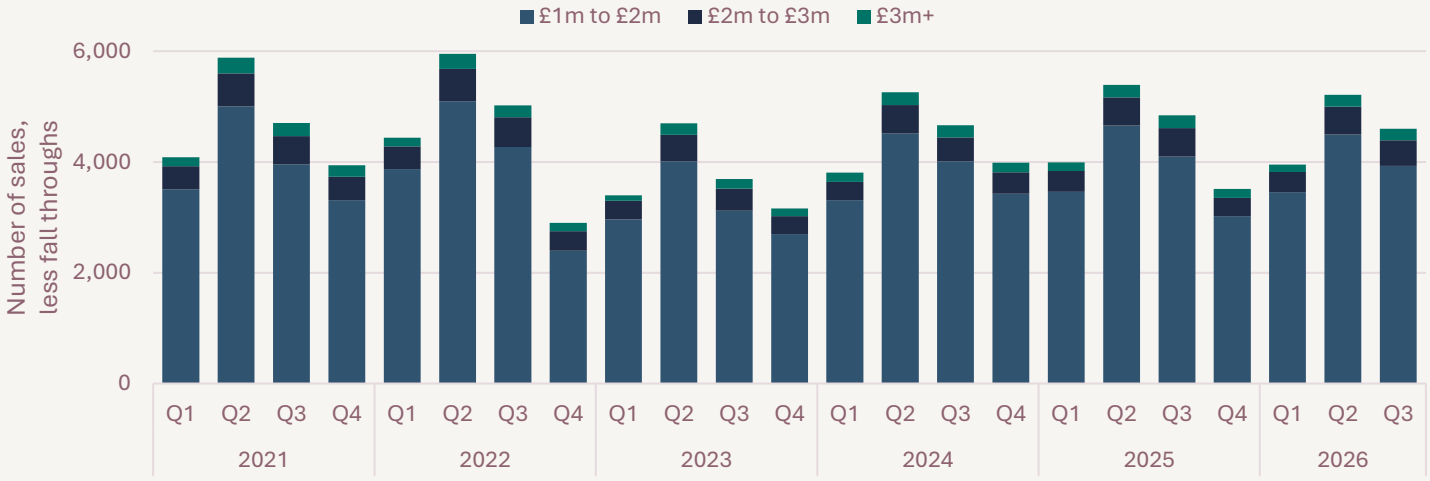
Prime Regional Market, Great Britain (excl. London); Sales over £1m

Prime regional sales activity moderated in Q3 2026, with 4,500 transactions above £1 million. Volumes were 12% lower quarter-on-quarter, broadly reflecting the usual seasonal easing after a stronger second quarter. The 5% annual decline provides a clearer indication of underlying conditions and points to a market where correct pricing is vital.

The £1 million to £2 million market represents 85% of all £1 million-plus transactions, and remains comparatively resilient, with sales down 4% year-on-year. Volumes between £2 million and £3 million and above £3 million declined of 9% and 11%, respectively. This points to a market where needs-based transactions are being pushed through, whereas more discretionary purchases are put on hold. However, this isn't the case across the board, as Strutt & Parker sold more £3m+ homes this August than any since 2022.

Disciplined pricing remains essential, particularly at higher price points, where expectations between buyers and vendors are often at their widest. Careful analysis of competing properties, those attracting offers and those remaining unsold, help position homes effectively. Transaction volumes do not tell the whole story about the market, and neither do reductions from unrealistic asking prices.

Number of £1m+ home sales agreed



Source: Strutt & Parker Research & TwentyEA

Prime Lettings Market, over £500pw

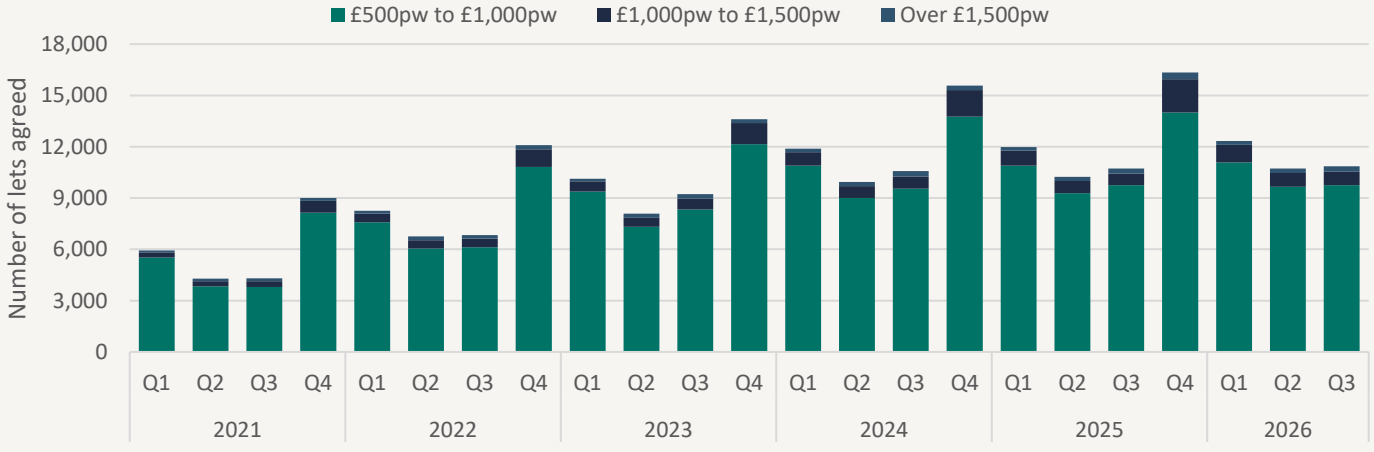
Prime regional lettings activity, above £500 per week, increased by 4% over the year to Q3 2026, when compared with the preceding four-quarters. Despite widespread commentary around landlord departures following the Renters' Rights Act, the latest figures indicate an expanding market supported by healthy demand and available supply.

Compared with Q3 2025, the £1,000–£1,500 per week segment recorded the strongest growth, with agreed lettings rising 16%.

The number of new lets above £1,500 per week increased by 10% in part due to the increase in rents moving more properties into this category.

Investors remain active in the buy-to-let sector, with mortgage volumes up 21% compared with Q3 last year. Regional activity remains influenced by a strong annual student lettings cycle in university cities, where transactions are concentrated around the final quarter of the year.

Number of lets agreed, timeseries



Source: Strutt & Parker Research & TwentyEA

Contacts

Research



Matt Henderson
Residential Research Lead
matthew.henderson@realestate.bnpparibas

Agency



Guy Robinson
Head of Residential Agency
Guy.Robinson@struttandparker.com



Claire Reynolds
National Head of Sales
Claire.Reynolds@struttandparker.com



Anna Ambrose
National Head of Lettings
Anna.Ambrose@struttandparker.com



Charlotte Moxon
Head of Regional New Homes
Charlotte.Moxon@struttandparker.com

Methodology
As the housing market is seasonal, for the purposes of this report; data is compared year on year, i.e. looking at Q3 2026 in light of changes since Q3 2025. Data may also be compared on a rolling month on month basis. When referring to the PCL and POL markets these include those in which Strutt & Parker operate. PCL focuses on Knightsbridge, Belgravia, Kensington, Mayfair, Chelsea & Notting Hill and as such is reflective of London's most prime markets. When referring to POL this refers to the Fulham, and then the contiguous area of Holborn, the City of London, Clerkenwell, Islington, Camden, Hampstead, Belsize Park, St John's Wood and Maida Vale. The global economy remains volatile and therefore there is risk that any market commentary provided will become out-dated within a short timescale.

PCL figures are formulated of HM Land Registry data and adjusted LonRes data – quarters denotated with an asterix. The LonRes adjustment is made to account for an undercount of sales, typically in the lower price brackets, and to correct for a variance in geographical areas. The adjustment takes the median difference, as a percentage, for each price bracket between Land Registry and LonRes sales over the past 3+ years (to avoid the data lag within Land Registry). This proportion is then used to adjust the most recent quarters of LonRes data.

Copyright
© BNP PARIBAS REAL ESTATE ADVISORY & PROPERTY MANAGEMENT UK LIMITED. ALL RIGHTS RESERVED. No part of this publication may be reproduced or transmitted in any form without prior written consent by Strutt & Parker. The information contained herein is general in nature and is not intended, and should not be construed, as professional advice or opinion provided to the user, nor as a recommendation of any particular approach. It is based on material that we believe to be reliable. While every effort has been made to ensure its accuracy, we cannot offer any warranty that it contains no factual errors. The information contained herein should therefore not be relied upon for any purpose unless otherwise agreed with Strutt & Parker and Strutt & Parker shall have no liability in respect of the same. Strutt & Parker is a trading style of BNP Paribas Real Estate Advisory & Property Management UK Limited, a private limited company registered in England and Wales (with registered number 4176965) and whose registered office address is at 10 Harewood Avenue, London, NW1 6AA.